RISK

MICHIGAN MUNICIPAL
RISK MANAGEMENT
AUTHORITY

** SPECIAL ANNOUNCEMENT **

Board Approves $19.6 Million Distribution and Net Asset Deployment Plan

At its February meeting, the MMRMA Board of Directors approved a **$19,660,124** net excess asset distribution for the benefit of the membership. The Board also approved the 2010 Net Asset Policy Report, including the results of the most recent capital adequacy analysis, which determines the necessary net assets needed. This will be our fifth distribution of excess net assets to members. With this distribution, MMRMA has distributed almost $57,000,000 to its renewing members since 2006. The following table shows a history of these distributions:

Net Asset Distributions 2006 to 2011

Year	Required Net Assets	Excess Net Assets	Distribution	Cumulative Distributions
2006	122,343,188	7,393,991	3,696,996	3,696,996
2007	124,189,161	15,147,350	7,573,675	11,270,671
2008	162,168,677	24,255,999	15,766,399	27,037,070
2009	143,695,732	-1,228,169	0	27,037,070
2010	148,803,021	18,655,901	10,260,746	37,297,815
2011	151,456,022	39,320,248	19,660,124	56,957,939

As in prior years, distributions will be provided to current renewing members. Based on the distribution rules adopted by the Board, most members will receive their share of this distribution following their membership renewal. The allocation will once again be based on (1) prior year continuous membership, (2) prior year general fund contributions, and (3) loss experience.

The Board also adopted a plan to allocate an additional $9,830,062 in excess assets for short and intermediate term rate reductions. The impact of this action will vary on a member by member basis taking into consideration changes in exposure, loss experience and other underwriting criteria. The purpose of using a portion of excess net assets for rate reduction is to ensure predictability and stability in contributions for current members and to attract new members.

The action of the Board at its February meeting resulted in a total commitment of $29,490,186 in excess net assets for the benefit of the membership. This is our largest deployment of net assets since the adoption of the Net Asset Policy in 2006.

In addition we will continue to deploy excess net assets for the following ongoing benefits to members:

Michigan Vehicle Assessments - Net assets are used to pay the Michigan Catastrophic Claims Association (MCCA) vehicle assessment for members. The annual per vehicle assessment increased to $143.09 in

July 2010. It is estimated that we will pay $2,000,000 in assessments on behalf of the membership in the upcoming fiscal year.

No Fault Automobile Coverage - Net assets are used to provide members with enhanced no fault automobile coverage. With Michigan having one of the most costly no fault statutes in the nation, this is a significant benefit.

Coverage for Volunteers - Net assets are used to underwrite liability coverage for volunteers.

Risk Avoidance Program (RAP) Grants - Each year $750,000 is allocated for direct grants to members for various risk management and loss control programs. RAP Grants are awarded through MMRMA's Membership Committee. Over $7,400,000 has been provided to members through this program.

Once again, this is very good news for members. The ability of MMRMA to provide these benefits to our members is a direct reflection of strong performance results over a sustained period of time. Many factors contributed to these favorable results, including better than expected loss trends in recent years, member responsiveness to risk control recommendations, good management practices by members that resulted in fewer losses, and, most importantly, improved investment results through June 30, 2010. However, the most central factor that allows MMRMA to deploy excess net assets is the long-term commitment that members have made to MMRMA. Without your loyalty and ongoing support of this fine organization, these benefits would not be possible. Thank you.

Michael L. Rhyner
Executive Director